



*Dumaresq-Barwon
Border Rivers Commission*

*Annual Report
2007-08*

To their Excellencies the Governors of the State of New South Wales and the State of Queensland.

In accordance with the provisions of Clause 15(c) of the New South Wales-Queensland Border Rivers Agreement, the Dumaresq-Barwon Border Rivers Commission has the honour to present its report for the year ended 30 June 2008.

Dumaresq-Barwon Border Rivers Commission
c/- PO Box 318, Toowoomba Q 4350



The Honourable Craig Wallace, MP
Minister for Natural Resources and Water and
Minister Assisting the Premier in North Queensland
PO Box 15456
CITY EAST Q 4002

Dear Mr Wallace

Pursuant to the provisions of the New South Wales-Queensland Border Rivers Agreement, we have pleasure in enclosing, for presentation to the Parliament, the Annual Report of the Dumaresq-Barwon Border Rivers Commission for the year ended 30 June 2008.

Yours sincerely

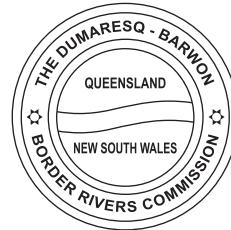
A handwritten signature in cursive script, appearing to read 'Ross Krebs'.

Ross Krebs
Commissioner representing
Queensland

A handwritten signature in cursive script, appearing to read 'Peter Christmas'.

Peter Christmas
Commissioner representing
New South Wales

Dumaresq-Barwon Border Rivers Commission
c/- PO Box 318, Toowoomba Q 4350



The Honourable Phillip Costa, MP
Minister for Water, Minister for Rural Affairs and
Minister for Regional Development
Level 34 Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Mr Costa

Pursuant to the provisions of the New South Wales-Queensland Border Rivers Agreement, we have pleasure in enclosing, for presentation to the Parliament, the Annual Report of the Dumaresq-Barwon Border Rivers Commission for the year ended 30 June 2008.

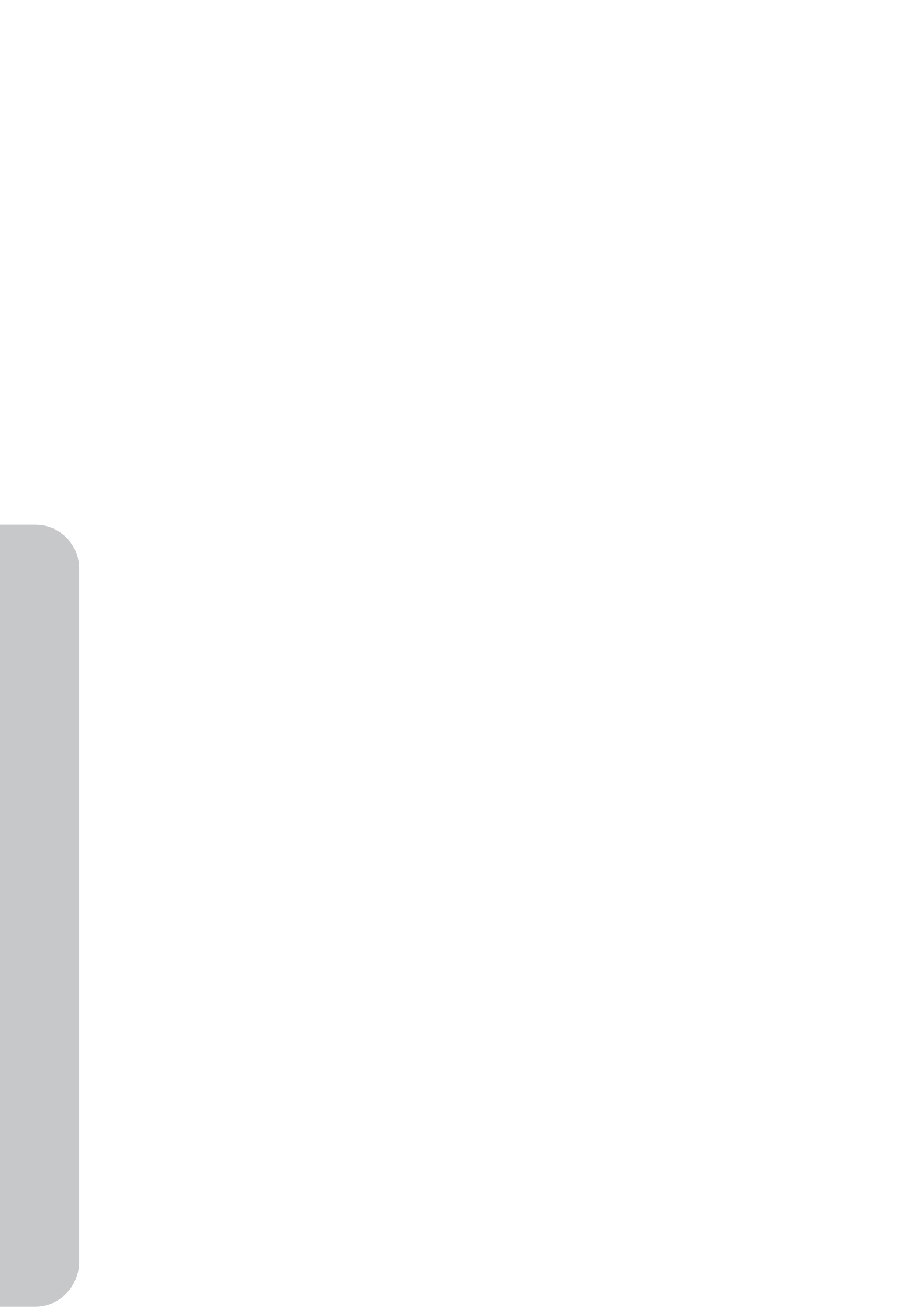
Yours sincerely

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Ross Krebs
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Peter Christmas
Commissioner representing
New South Wales



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The Dumaresq-Barwon Border Rivers Commission was established by the governments of Queensland and New South Wales under an agreement made in November 1946 called the *New South Wales-Queensland Border Rivers Agreement*. That agreement was subsequently ratified by legislation in both states.

The Commission is responsible for controlling, on behalf of the two states, the operation and maintenance of Glenlyon Dam, Boggabilla Weir and a number of other small weirs and regulators in the border catchments and arranging for certain river flows and groundwater levels in the border catchments to be monitored.

It is also responsible for implementing the agreement made between the two states in relation to sharing the waters of the Border Rivers and providing advice in relation to water infrastructure and water sharing in all the border catchments.

As the “owner” of a *referable dam* in Queensland, the Commission is also a registered water service provider under the Queensland *Water Supply (Safety and Reliability) Act 2008*.

The Commission is funded jointly by the state governments of Queensland and New South Wales on a 50:50 basis.

2007-08 at a glance

River operations

- State Water and SunWater under contract to the Queensland department continued to jointly manage the regulation of the Border Rivers on the Commission's behalf.

Asset management

- Major planned maintenance completed during the year included refurbishment of the electrical services at Glenlyon Dam as well as the repair and recoating of parts of the vertical lift gates, gate guides and fishway outlet works at Boggabilla Weir
- Other planned maintenance work was completed to address workplace health and safety issues.

Hydrology

- A review of the 2005 reassessment of the Glenlyon Dam hydrology found that the earlier study produced overly conservative results. Work is currently underway to peer review the new design flood estimates.

Dam safety

- The Queensland department audited the Commission's dam safety management practices and found them to comply with the dam safety conditions and guidelines.

Service provider obligations

- The Commission reviewed its Strategic Asset Management Plan and applied for and was granted an exemption from preparing a System Leakage Management Plan in accordance with the requirements of the Queensland *Water Supply (Safety and Reliability) Act 2008*.

Water Sharing

- 53.0 GL and 12.7 GL of water was diverted from regulated flows in the Border Rivers by New South Wales and Queensland respectively.
- 52.0 GL and 72.8 GL of unsupplemented/supplementary water was diverted from the Border Rivers by New South Wales and Queensland respectively.
- 6.0 GL and 7.4 GL of groundwater was extracted from the Dumaresq River Groundwater Area by New South Wales and Queensland respectively.

Irrigated production

- The total area of crops irrigated from the Border Rivers during the year was 26,900 hectares including 11,300 hectares of cotton and 13,100 hectares of cereal crops.

Institutional reform investigations

- No action occurred in relation to the recommendation to the states about the need to reform the Border Rivers Commission.

Financial

- The Commission's net operating result for 2007-08, excluding depreciation, was a surplus of \$331,000.

Commissioners' report

In the absence of a chair, it is our pleasure, as the Commissioners representing Queensland and New South Wales, to present this brief report on behalf of the Commission.

During the year the Commission's operations have been restricted due to continuing dry conditions prevailing over much of its area of interest. Like many other parts of the Murray-Darling basin the enduring drought has meant that rural communities have been faced with poor access to water. Storm rains, however, during late autumn and summer provided relief to many with moderate to major flows in some rivers and small to moderate inflows to the dams.

The Commission's primary water storage, Glenlyon Dam, commenced the year storing 34 GL (13%). Moderate inflows during the summer months brought its level up to 98GL (39%) by the end of February which was the maximum level recorded during the year. An indicator of the extent of the current drought in this part of the Murray-Darling basin is that Glenlyon Dam has not exceeded the level reached in 2007-08 since December 2002.

Despite these less than satisfactory seasonal conditions the Commission has continued to discharge its core responsibilities including the operation and maintenance of the joint Border Rivers infrastructure and oversight of the agreed Border Rivers water sharing arrangements.

Continuing delays in the appointment of a new chair also hampered the Commission's normal operations during the year. The Commission has not had a chair now since 1 April 2007 when the previous chair's term expired. It is hoped that this situation can be rectified without further delay. It is essential for the Commission to have a chair to provide it with the quorum necessary to transact business other than routine business.

No progress was made during the year in relation to the Commission's recommendation that the states consider reforming the Border Rivers Commission to enable it to function more effectively. The lack of progress was largely due to the recognition that neither Queensland nor New South Wales would wish to commit to reforms in the Border Rivers until the Australian Government's reforms involving the Murray-Darling Basin Commission had been clarified, if not completed. Whether or not the Murray-Darling Basin Commission reform will impact on the Border Rivers Commission is not known at this time.

At the end of the financial year the Commission recommenced discussions with its primary water service provider SunWater about the arrangements under which it provides services in relation to the Commission's assets. It will be a high priority for the Commission to formalise those arrangements as soon as practical in the new financial year.

The Commission's financial position continues to be sound. During 2007-08 it received revenue of \$2,345,000 in total. Expenses from ordinary activities amounted to a total of \$3,023,000. After excluding depreciation of \$1,009,000 the Commission had an operating surplus of \$331,000, which will be available to fund future works.

We would like to express our sincere thanks to the Commission's accountant, the secretary/project officer, members of the management committee and other departmental staff whose dedication and efforts during the year enabled the Commission to successfully complete its annual program of projects and works.



Ross Krebs
Commissioner representing
Queensland



Peter Christmas
Deputy Commissioner representing
New South Wales

The Commission

Purpose

The purpose of the Commission is to implement the agreement made between the governments of Queensland and New South Wales in relation to:

- sharing the waters of the rivers and streams which either form or intersect the boundary between the two states and the associated groundwater resources
- investigating, constructing and operating works to conserve and regulate those waters where considered desirable.

Constitution

The Dumaresq-Barwon Border Rivers Commission was constituted by an agreement made in 1946 between the New South Wales and Queensland governments. The agreement was ratified in New South Wales by the *New South Wales-Queensland Border Rivers Act 1947* and in Queensland by the *New South Wales-Queensland Border Rivers Act 1946*.

The agreement, known as the *New South Wales-Queensland Border Rivers Agreement*, is contained in the schedule to each state's Border Rivers legislation.

Operational area

The Commission's operational area of responsibility includes:

- Glenlyon Dam on Pike Creek in Queensland
- the 'Border Rivers' which includes the parts of the Dumaresq, Macintyre and Barwon Rivers that constitute the boundary between New South Wales and Queensland from Mingoola to Mungindi
- the 'Intersecting Streams' which include the Moonie, Bokhara, Narran, Culgoa, Ballandool, Warrego, Paroo and Bulloo Rivers and their effluents and tributaries, and any stream or watercourse which forms part of the Darling River drainage system and crosses the New South Wales-Queensland border west of the town of Mungindi.

Commission's duties and functions

The statutory functions and duties of the Commission are, in summary, to:

- determine the anticipated quantity of water available each year from the Border Rivers and from the dams and weirs controlled by the Commission and notify the states of the portion of that water they may divert and use
- control the construction, operation and maintenance of works taken over or constructed by the Commission under the Agreement i.e. Glenlyon Dam and Boggabilla Weir as well as other weirs and regulators on the Border Rivers and Intersecting Streams
- undertake investigations considered necessary by the Commission to enable it to exercise the powers and discharge the duties conferred upon it by the Agreement
- report and make recommendations from time to time to the governments of New South Wales and Queensland regarding the sharing of the waters of the Intersecting Streams, the sharing of groundwater and other matters set out in the agreement
- investigate the practicability of constructing, maintaining and operating additional storages
- arrange for the construction, operation and maintenance of gauging stations to record the flow in the Dumaresq River at Mingoola and at such other places as deemed necessary by the Commission
- arrange for the construction, maintenance, operation and control of an effective system of monitoring groundwater.

In addition to its statutory functions the Commission carries on a coordinated program to monitor water quality in the Border Rivers and the Intersecting Streams.

Membership

The Commission consists of three commissioners. One is appointed by the Governor of Queensland; another by Governor of New South Wales; while the third, the chair, who must be a person not in the service of either government, is appointed by the premiers of the two states. Each commissioner is appointed for a term not exceeding five years. Each state may also appoint a deputy commissioner to act in the case of illness or absence of a commissioner.

During 2007-08 the Commissioners and Deputy Commissioners were:

- **Commissioner and chair of the Commission**

The position of chair of the Commission has been vacant since the former chair's term ended on 31 March 2007. At the end of the year action was in hand to appoint a new chair.

- **Mr RW (Ross) Krebs - Commissioner representing Queensland**

Appointed to the position for the period from 5 October 2006 to 4 October 2011. During 2007-08 Mr Krebs was Regional Manager, Water Services, South West Region in the Queensland Department of Natural Resources and Water.

- **Commissioner representing New South Wales**

The position of Commissioner representing New South Wales has been vacant since the resignation of the former Commissioner on 30 June 2006. Mr Peter Christmas the Deputy Commissioner representing New South Wales acted as the Commissioner representing New South Wales up to the 15 October 2007 when his term expired. (Note that Mr Peter Christmas has subsequently been appointed to the position of Commissioner representing New South Wales as from 23 July 2008.)

- **Ms JA (Judith) Jensen - Deputy Commissioner representing Queensland**

Appointed to the position for the period from 5 October 2006 to 4 October 2011. During 2007-08 Ms Jensen was Director, Water Legislation, Policy and Pricing in the Queensland Department of Natural Resources and Water.

- **Mr PG (Peter) Christmas - Deputy Commissioner representing New South Wales**

Appointed to the position for a five-year term from 16 October 2002. During 2007-08 Mr Christmas was Director, Water Management and Implementation in the New South Wales Department of Water and Energy. His term as Deputy Commissioner expired on 15 October 2007. (Note that Mr Paul Simpson has subsequently been appointed to the position of Deputy Commissioner representing New South Wales on 23 July 2008.)

The Commission was administratively supported by its secretary, Mr Jim Mylne, its accountant, Mr Bruce Morcombe, and his assistant, Ms Julia Lee. Mr Mylne is an employee of the Queensland Department of Natural Resources and Water whereas Mr Morcombe and Ms Lee are both employees of the New South Wales Department of Water and Energy.

Meetings

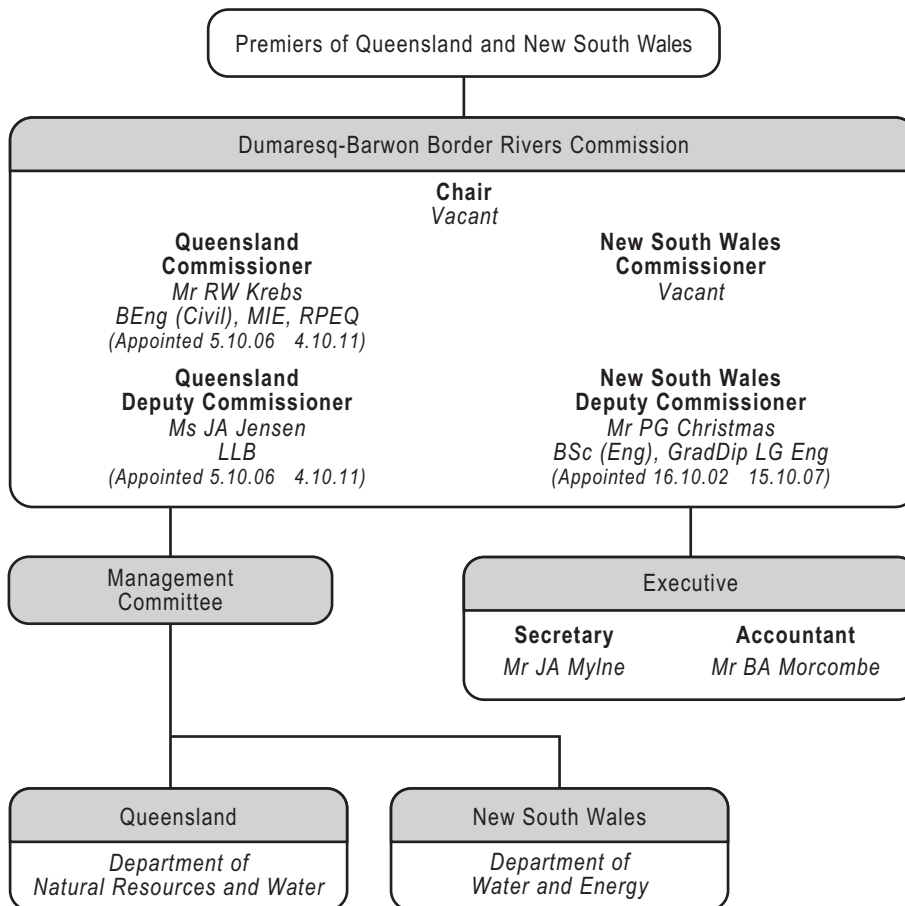
The Commission did not meet formally during the year because it was not possible for it to secure a quorum. During the year the business of the Commission was conducted out-of session by the Queensland and New South Wales representatives.

Access

The Dumaresq-Barwon Border Rivers Commission may be contacted through its secretary, Mr Jim Mylne, at:

c/- Department of Natural Resources and Water
PO Box 318, Toowoomba Qld 4350
Phone: (07) 4688 1010
Fax: (07) 4688 1478
Email: brc@nrw.qld.gov.au.

The address of the Commission's website is www.brc.gov.au.



Management committee

A management committee, comprising staff from the Queensland Department of Natural Resources and Water and the New South Wales Department of Water and Energy, manages the day-to-day affairs of the Commission on its behalf.

During 2007-08 the management committee consisted of Mr PG (Peter) Christmas and Mr DM (Derek) Everson of the New South Wales Department of Water and Energy and Mr PT (Paul) Mills and Mr FD (Frank) Walker of the Queensland Department of Natural Resources and Water. The chair of the committee is traditionally rotated between the states at two yearly intervals. Peter Christmas is currently chair of the management committee.

The management committee met on two occasions during the year. Those meetings were held on 10 October 2007 and 18 March 2008.

A project officer employed by the Queensland Department of Natural Resources and Water on behalf of the Commission provides executive and technical support to the management committee.

The water infrastructure

OBJECTIVES

Plan for and develop ways to conserve, manage and deliver water for beneficial use

Operate structures safely and manage the delivery of water to ensure each state's share of the waters is supplied in a timely, equitable and cost-efficient manner

Maintain works to defined asset management standards

Protect the investment of the states in the works under the control of the Commission

Provide public access to a range of water-based leisure and recreation opportunities

STRATEGIC FOCUS

Under the provisions of the New South Wales-Queensland Border Rivers Agreement the Commission is responsible for controlling the operation and maintenance of Glenlyon Dam, Boggabilla Weir and a number of other small weirs and regulators which it either took over when it was established in 1947 or which it constructed after the date of the Agreement. The Commission aims to operate and maintain the infrastructure it controls in accordance with best practice, dam safety requirements and the documented plans and procedures including Asset Management Plans, Operations and Maintenance Manuals, Standing Operating Procedures and Emergency Action Plans.

The Commission employs the Queensland water service provider, SunWater, under a heads of agreement, to operate and maintain the bulk of its water assets and associated water supply services. Under the terms of the heads of agreement, SunWater is responsible for providing a complete facility management service to ensure that the Commission fulfills its responsibilities as the "owner" of the Border River's water infrastructure.

Currently State Water and the Queensland Department of Natural Resources and Water have an informal agreement with the Commission to jointly carry out the Commission's responsibility to control releases from Glenlyon Dam and to regulate flows along the Border Rivers.

Details of the key features of the infrastructure controlled by the Commission can be found in its report titled *Annual Statistics 2007-08*.

ACHIEVEMENTS DURING 2007-08

Dam safety

In December 2007 the Commission's dam safety management practices at Glenlyon Dam were audited by the Queensland Department of Natural Resources and Water. The purpose of the audit was to review the Commission's performance against the Development Permit Dam Safety Conditions issued by the Department, the Queensland Dam Safety Management Guidelines (2002) and the ANCOLD Dam Safety Management Guidelines (2003).

Whilst the auditors suggested a number for improvements to the current practices, they reported that, overall, the Commission's dam safety management practices and documentation comply with the requirements of the Dam Safety Conditions issued by the Department and the Dam Safety Management Guidelines. Further, they reported that Glenlyon Dam has no major identified dam safety deficiencies and appears to be well maintained.

Glenlyon Dam design flood hydrology

During the year the Commission engaged SunWater to review and check the work done in 2005 to reassess the Glenlyon Dam design flood hydrology using the Generalised Tropical Storm Method Revised (GTSMR) for estimating the Probable Maximum Precipitation (PMP). SunWater reported to the Commission that, in their opinion, the design flood estimates produced in 2005 were significantly overly conservative. They estimated the Probable Maximum Flood (PMF) outflow to be approximately 9,700 m³/sec which is only marginally over 60% of what the 2005 study estimated the PMF outflow to be.

The Commissioners agreed to have the recent estimates of the design flood hydrology for Glenlyon Dam reviewed by an independent expert. This work will be completed in the first part of the next financial year.

Glenlyon Dam spillway adequacy assessment

The Commission was unable to progress the work of assessing the acceptable flood capacity for Glenlyon Dam in accordance with the Queensland Department of Natural Resources and Water's published guidelines. That work is held up pending finalisation of the reassessment of the Glenlyon Dam design flood hydrology. The Commission expects to be able to commence the task of assessing the adequacy of the Glenlyon Dam spillway following the completion of the design flood hydrology review and the subsequent revision of the dambreak analysis for Glenlyon Dam.

Water service provider obligations

As a registered water service provider under the provisions of the Queensland *Water Supply (Safety and Reliability) Act 2008*, the Commission has a number of obligations in relation to the delivery of its water and sewerage services. In relation to those obligations the Commission:

- reviewed and amended its Strategic Asset Management Plan and submitted a copy to the Queensland Department of Natural Resources and Water
- prepared and submitted an annual report on implementation of its Strategic Asset Management Plan to the Queensland Department of Natural Resources and Water
- applied for and was granted an exemption from preparing a System Leakage Management Plan, on the grounds that the distribution system utilised by the Commission to provide bulk water services is made up totally of natural watercourses.

Planned maintenance and renewals

The Commission continued with its program of planned maintenance and renewals to maintain the infrastructure under its control in good order. The major projects completed during the year included:

- the complete refurbishment of the electrical services at Glenlyon Dam
- repairing and recoating parts of the vertical lift gates, gate guides and fishway outlet works at Boggabilla Weir

A number of other planned maintenance tasks were completed to address workplace health and safety issues.

Asset management

During the year the Commission's contractor, SunWater, commenced work on the establishment of a comprehensive asset management system for the Commission's assets. The project will involve the assessment of condition and risk data for each of the Commission's assets and then the upload of that data along with the existing data about each of the Commission's assets to the asset management system utilised by SunWater for their own assets. In addition, comprehensive asset management documentation will be prepared including, amongst other things, an asset management policy, an asset management system manual, asset management standards and an asset risk register.

During the year the Commission reviewed the operations and maintenance manual for Boggabilla Weir which had been prepared by SunWater on the Commission's behalf. At the end of the financial year the manual had not been finalised. It is anticipated, however, that it will be finalised early in 2008-09.

Public access & recreation

The Commission continued to provide and maintain recreation facilities at Glenlyon Dam to cater for day trippers interested in picnicking, swimming, recreational fishing, boating and water skiing whilst the caravan park and camping area, operated by private lessees, provided facilities for

those wishing to stay for longer. It was estimated that more than 77,000 people visited Glenlyon Dam during the year.

The local fish stocking group continued their work to boost fish numbers in Glenlyon Dam. During 2007-08 about 11,000 Murray Cod and 18,000 Golden Perch fingerlings were released.

FUTURE DIRECTIONS

Significant water infrastructure related projects to be completed or commenced include:

- Development and implementation of the new asset management system
- Development of the Boggabilla Weir Operation and Maintenance Manual
- Assessment of the adequacy of the spillway at Glenlyon Dam (not expected to commence until 2010-11)
- Formalisation of the contractual arrangements between the Commission and its service provider/s.

The water resources

OBJECTIVES

Provide timely, relevant and expert advice to the states on water sharing and water management issues

Measure flows in accordance with defined standards to support water resource planning and development, effective water sharing and water management and delivery

Monitor the aquatic environment and take actions to ensure that it is sustained at a level appropriate to the community

Investigate and monitor the quality and quantity of the underground water resources of the Border Rivers and develop guidelines for its equitable use and management by the states

STRATEGIC FOCUS

The New South Wales-Queensland Border Rivers Agreement (the Agreement) made in 1946 between the New South Wales and Queensland governments sets out the agreed arrangements for sharing the waters of the Border Rivers between the states. It is the Commission's responsibility to oversee the sharing of the waters of the Border Rivers between the states in accordance with that agreement or in accordance with any new or amended water sharing arrangements agreed to by the states.

In addition to overseeing the water sharing arrangements, the Commission is responsible for ensuring that effective and uniform systems are in place to monitor and record river flows in the Border Rivers and Intersecting Streams and to monitor and record groundwater levels in the alluvial aquifers associated with the Dumaresq River. The cost of this work is borne by the Commission, however, the actual construction, operation and maintenance of those systems is carried out by the Controlling Authorities of New South Wales and Queensland as defined in the Agreement. The data obtained from the monitoring systems is vital for the successful regulation of the Border Rivers and provides essential information to support water resource planning and management by both states in all the border catchments.

Whilst it is not a statutory requirement under the Agreement, the states have requested the Commission to implement a coordinated program of water quality monitoring in both the Border Rivers and the Intersecting Streams to obtain an ongoing record of key water quality indicators and to identify emerging water quality problems.

ACHIEVEMENTS DURING 2007-08

Water sharing

Resource assessments were routinely carried out by the Commission at least once per month, and more often when required, to share the available regulated water resources of the Border Rivers between the states in accordance with the agreed arrangements. As the result of moderate inflows to the dams and unregulated tributary inflows 97,910 and 31,040 megalitres of regulated water were distributed during the year to the New South Wales and Queensland bulk general use accounts respectively for use by the states' water users along the Border Rivers.

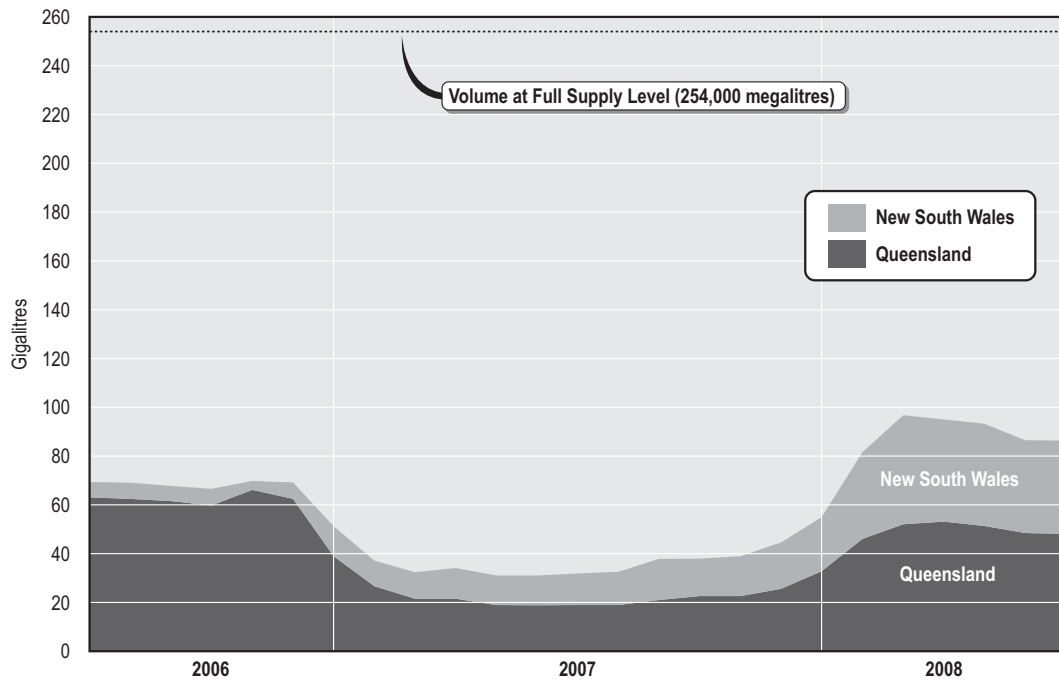
The quantities of regulated water used during the year were down on the previous year with New South Wales water users diverting 52,959 megalitres and Queensland water users diverting 12,684 megalitres.

Water users were granted a number of relatively brief opportunities to pump supplementary water (NSW) and/or to waterharvest (Qld) from the Border Rivers during the year. In total 51,968 and 72,782 megalitres were diverted from unregulated flows during the year by New South Wales and Queensland respectively. The amount taken by New South Wales water users was limited by the embargo on the use of unregulated inflows which wasn't lifted until the end of the 2007 calendar year.

The chart below, showing the water use history in the Border Rivers over the previous eleven years, illustrates once again that total water use from the Border Rivers is still well down as a result of the limited water availability due to the protracted drought.

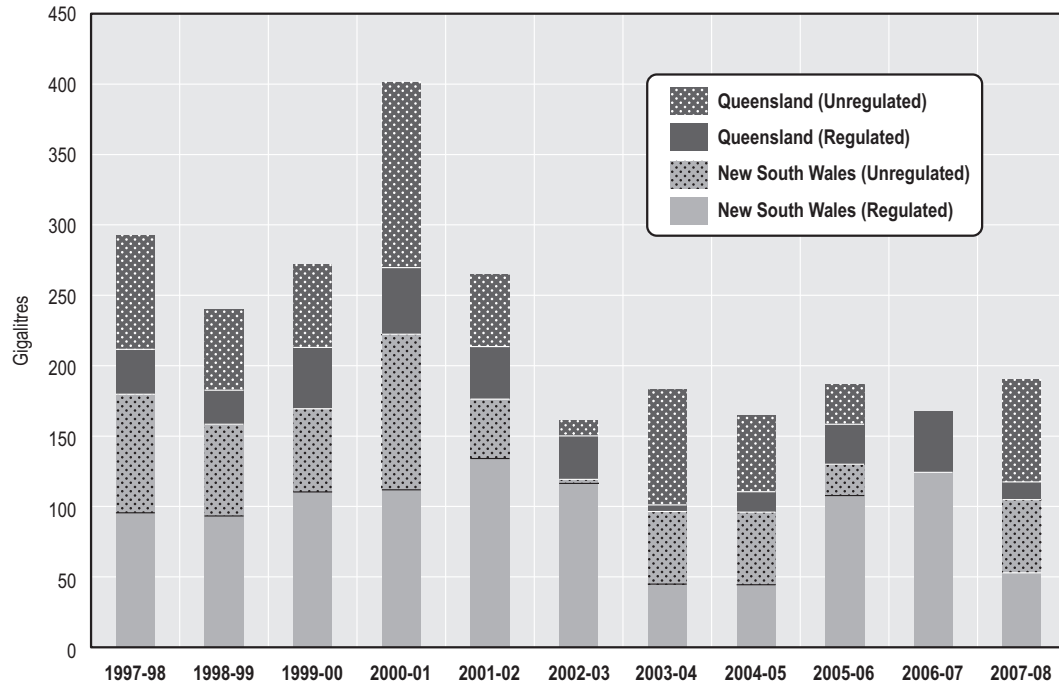
Glenlyon Dam

Storage Performance and New South Wales - Queensland Water Shares



Border Rivers Water Use History

Regulated and Unregulated 1997-98 to 2007-08



New water sharing rules

During the year the states continued the task of drafting a new agreement for sharing the water resources of the Border Rivers catchment between the states. Once it is formally approved, that new agreement will replace many, if not all, of the water sharing provisions of the 1946 New South Wales-Queensland Border Rivers Agreement.

Beardmore Dam compensation releases

On 20 September 2007, following consultation with the New South Wales Department of Water and Energy and downstream landholders, the Queensland Department of Natural Resources and Water requested SunWater to commence releasing the compensation water stored in Beardmore Dam. As a result of inflows to Beardmore Dam those compensation releases continued through to early March 2008.

A moderate flow in the Balonne River filled Beardmore Dam in early December 2007. That flow, along with subsequent flows through to late February 2008, resulted in significant quantities of water being passed through Beardmore Dam. The compensation releases in conjunction with those other flows resulted in replenishment of the stock and domestic water supplies through the entire Culgoa-Balonne Minor tributary system by the end of December 2007.

Stream gauging

The Commission continued to provide funding to the New South Wales Department of Water and Energy and the Queensland Department of Natural Resources and Water to operate and maintain a network of 48 river gauging stations including 25 gauging stations in the Border Rivers catchment and 23 gauging stations on the Intersecting Streams to the west of Mungindi. In accordance with the Border Rivers Agreement the states provided the Commission with the required streamflow information for river operations and water sharing purpose.

Water quality

The New South Wales Department of Water and Energy continued to monitor water quality on behalf of the Commission at 15 sites in the Border Rivers, including Glenlyon Dam, and six sites on the Intersecting Streams.

During the year significant flows occurred in most of the border river systems with many of the streams breaking their banks and flooding onto the surrounding floodplains. These flows had a significant impact on water quality, particularly on turbidity, with sediment being suspended and transported in the flood waters.

Maximum levels of turbidity well in excess of 1,000 NTU were recorded at all monitoring sites in the Intersecting Streams and at Mungindi on the Barwon River. The highest turbidity level recorded during the year was at Ford's Bridge on the Warrego River where it reached 6,900 NTU.

Electrical conductivity, which is an indicator of salinity, was monitored at all sites. Generally, electrical conductivity levels were well below the levels that would cause concern either to the environment or to the irrigation industry.

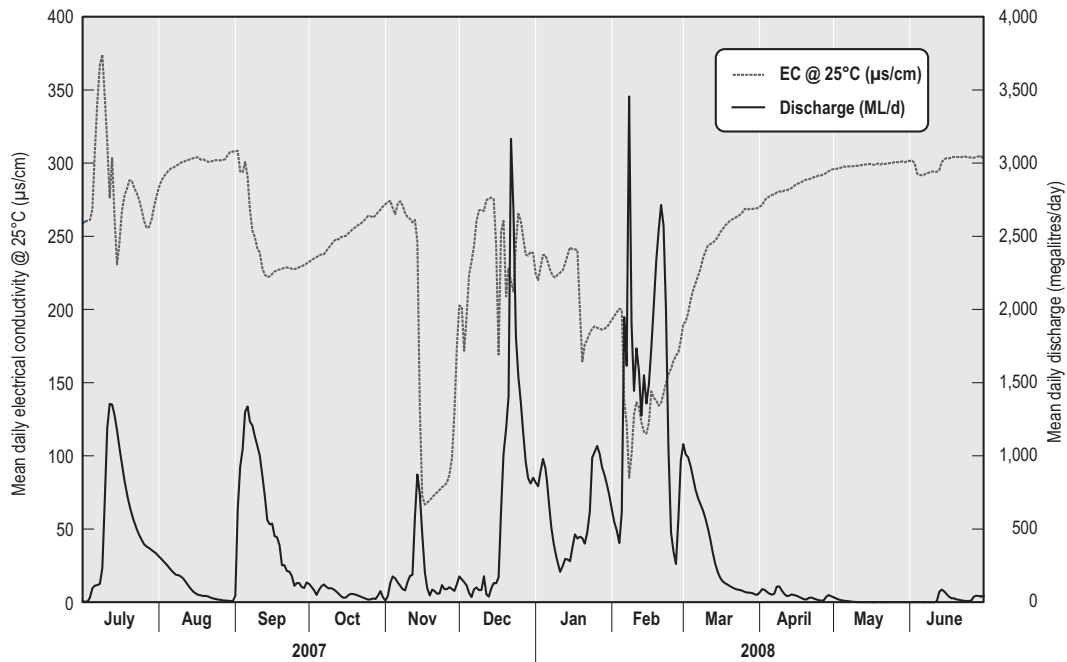
At Mungindi on the Barwon River, as well as at a number of other locations, electrical conductivity is monitored on a continuous basis as a part of the Murray-Darling Basin Commission's National Action Plan on Salinity and Water Quality. The electrical conductivity levels at Mungindi during the year are plotted on the chart below against river flows. Note that whilst the measurements varied from a maximum of 480 $\mu\text{s}/\text{cm}$ and a minimum of 60 $\mu\text{s}/\text{cm}$ the median value for the year was approximately 230 $\mu\text{s}/\text{cm}$.

The nutrient loads measured at many of the monitoring sites were high to very high, with the levels of total nitrogen being of most concern. In the Border Rivers, Tenterfield Creek and the Weir River had the highest total nitrogen levels whilst in the Intersecting Streams the Narran River had high levels of both total nitrogen and total phosphorous and the Warrego River had high total nitrogen levels.

SunWater continued to monitor blue green algal levels at Glenlyon Dam on the Commission's behalf. At the commencement of the year blue green algal levels were "moderate", however, towards the end of the first quarter they fell to "low" and remained in that range for the rest of the year.

No algal blooms were reported in any of the Commission's other storages during the year.

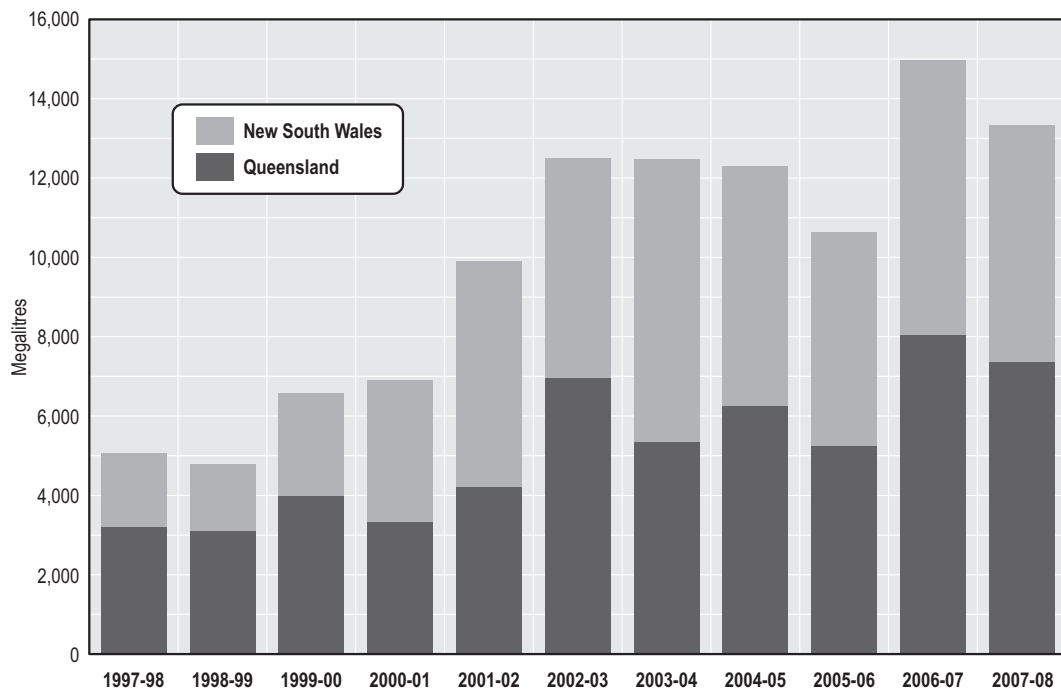
Barwon River @ Mungindi (416001)
Electrical conductivity and flow during 2007 - 08



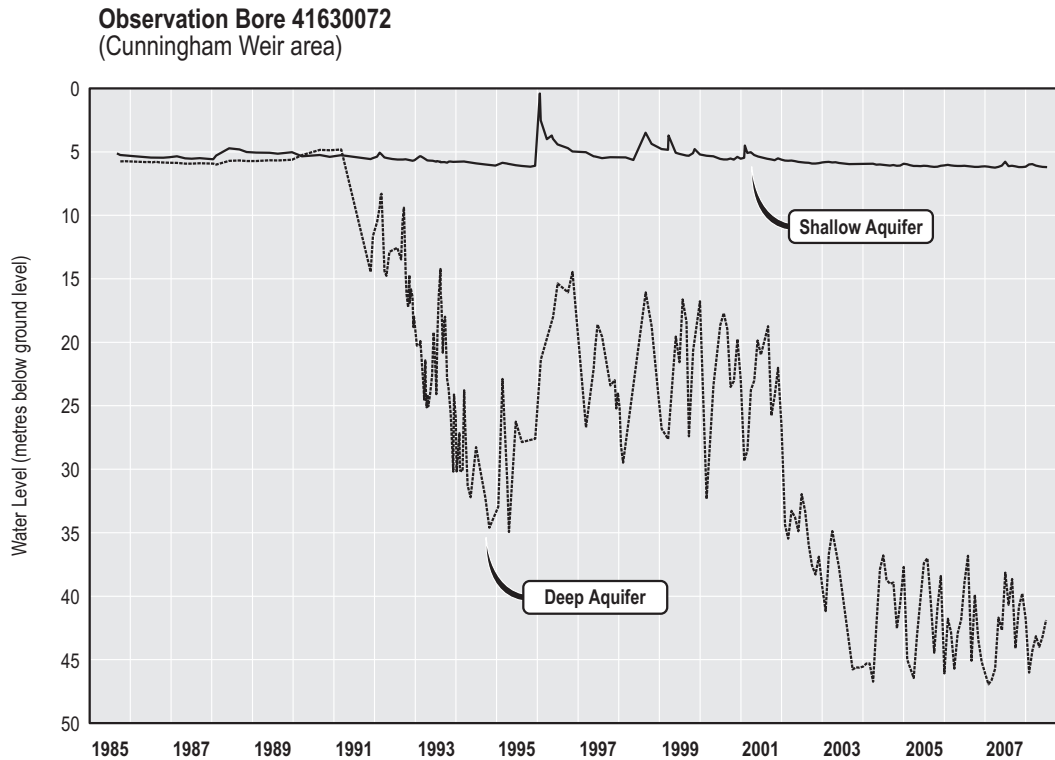
Groundwater

During the year irrigators in the New South Wales and Queensland sections of the Dumaresq River Groundwater Area used 5,958 megalitres and 7,375 megalitres of groundwater respectively. The total quantity of groundwater used during 2007-08 (i.e. 13,333 megalitres) was less than the total use in 2006-07 but was still marginally above the average use over the previous five years.

Dumaresq River Groundwater Area
Groundwater Use 1997-98 to 2007-08



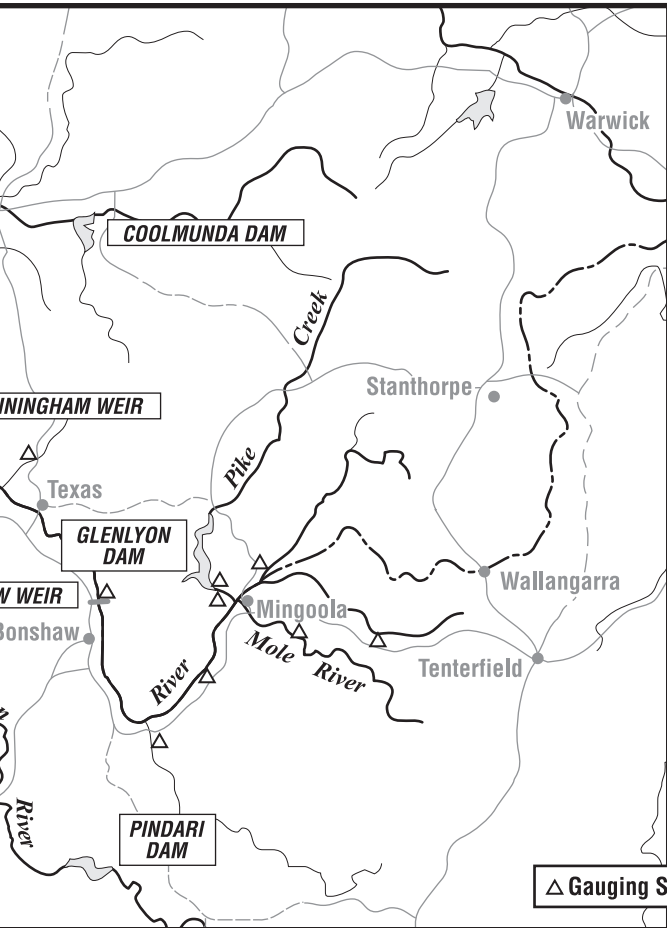
The Queensland Department of Natural Resources and Water continued to monitor groundwater levels, on the Commission's behalf, in the observation bore network established by the states in the Dumaresq River Groundwater Area. The network consists of 50 piezometers located in 36 bores in the area between Mingoola and Keetah. Due to the continued high level of groundwater use during the year and the ongoing drought conditions, the groundwater levels in most of the observation bores in the area were at or near historical low levels during the year. The plot of water levels in the observation bore in the vicinity of the Cunningham Weir is typical of the water levels in many of the observation bores throughout the area.



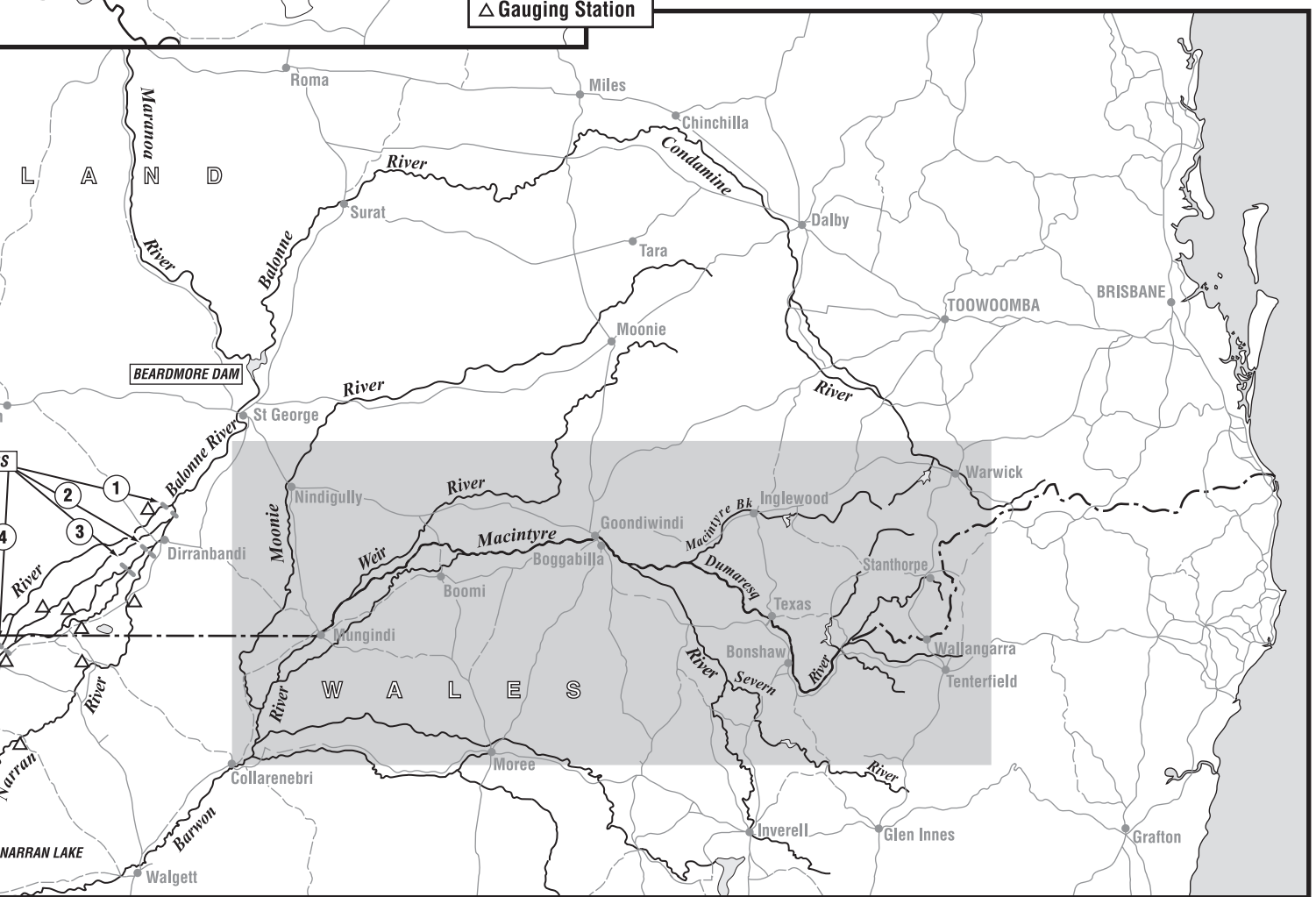
FUTURE DIRECTIONS

With respect to the water resources of the Border Rivers and Intersecting Streams the Commission will:

- oversee implementation of the new intergovernmental agreement on water sharing for the Border Rivers once it has been finalised by the states
- continue to provide funding to the states for operation and maintenance of the existing stream gauging and groundwater monitoring networks and for the current water quality monitoring program.



DUMARESQ - BARWON BORDER RIVERS COMMISSION OPERATIONS AREA



△ Gauging Station

The business and our customers

OBJECTIVES

Provide responsible and accountable management of the Commission's resources in a cost effective and businesslike manner

Implement change to address the water reform agendas of the shareholding governments as per the 1994 COAG Agreement and National Water Initiatives

Promote awareness of and involve customers and the public in water sharing and water management issues

STRATEGIC FOCUS

The Border Rivers Commission is a "business" primarily responsible for providing water services to two customers. Those two customers are the state governments of Queensland and New South Wales.

Traditionally the work of operating and maintaining the Commission's infrastructure has been undertaken on the Commission's behalf by the Controlling Authorities of Queensland or New South Wales as prescribed in the Agreement or as otherwise arranged by the Commission. The Controlling Authorities under the Agreement are currently the Queensland Department of Natural Resources and Water and the New South Wales Department of Water and Energy.

Due to the water reforms in both states and the institutional changes that have resulted in the resource manager being clearly separated from the infrastructure manager, the "Controlling Authorities" no longer have the capacity to operate and maintain major water infrastructure. Consequently the Commission now employs the commercial water service providers in Queensland and New South Wales, SunWater and State Water respectively, to operate and maintain its works on its behalf. The two departments, however, continue to undertake certain resource management type activities on behalf of the Commission.

ACHIEVEMENTS DURING 2007-08

Summary of financial results

During 2007-08 the Commission received total revenue of \$2,345,000 comprising the call-up from the states of \$2,100,000, investment revenue of \$225,000 and miscellaneous income of \$20,000. Total expenses from ordinary activities were \$3,023,000 which included depreciation of \$1,009,000. The Commission's net operating result for 2007-08 was a deficit of \$678,000.

Although the Commission regularly records a deficit operating result, the Commission's net financial position continues to improve as the value of its asset base increases on a proportionately higher rate than the annual depreciation expense.

After allowing for depreciation the Commission had an operating surplus of \$331,000 which will be available to fund future works.

Customer consultation

The Border Rivers Water Services Advisory Committee comprising the state agencies, the water service providers, the states' customers and the Commission, met on two occasions during the year to discuss and consider issues/concerns in relation to the provision of water services in the Border Rivers. Matters considered by the committee included, in particular, operations and water sharing issues during the ongoing drought.

Institutional reform investigations

In late March 2007 the former chair, Mr Mike Montefiore, recommended to the Queensland and New South Wales Ministers that the Commission be reformed, at least in a minimalist way, to enable it to function effectively in the current environment.

In light of the proposed institutional reforms in the Murray-Darling Basin involving both the Murray-Darling Basin Ministerial Council and the Murray-Darling Basin Commission and the uncertainty as to what, if any, impact that reform may have on the Commission, the Commission has temporarily deferred action in relation to its recommendation to the governments about the need for reform.

Website

The Commission's website at www.brc.gov.au contains information about the Commission and the Commission's infrastructure as well providing access to copies to public documents including recent copies of the Commission's Annual Report and Annual Statistics report.

Consultants

Because the Commission is not a corporate body it is not able to enter into contracts with consultants. Consequently the Commission did not engage any consultants during 2007-08. If the Commission requires the services of consultants it seeks the assistance of the Queensland Department of Natural Resources and Water and/or the New South Wales Department of Water and Energy who engage the consultants on the Commission's behalf under the appropriate state purchasing guidelines.

Insurance

The Commission's assets are insured under insurance held on the Commission's behalf by the Queensland Department of Natural Resources and Water and the New South Wales Department of Water and Energy through the Queensland Government Insurance Fund (QGIF) and the New South Wales Treasury Managed Fund (TMF) respectively. The cover held by the departments on behalf of the Commission also covers the Commission, its servants and the departments with respect to a public liability claim.

Risk management

The Commission has in place a two part strategy for managing risk. Firstly it maintains a risk register to record identified "business" risks and to detail risk treatment strategies for those risks. Secondly the Commission's operations and maintenance contractor, SunWater, is required to manage a risk management system relating to the infrastructure which it manages on the Commission's behalf.

Payment of accounts

The Commission paid all accounts during the year in a timely manner so as not to incur any interest for late payment.

Freedom of information

No freedom of information requests were received during the year.

Privacy management

The Commission complies with the privacy management requirements applying to the Queensland Department of Natural Resources and Water and the New South Wales Department of Water and Energy. No complaints were received during the year.

Production of the annual report

The cost of printing the 2007-08 Annual Report and 2007-08 Annual Statistics was \$4.55 and \$3.65 respectively per copy.

Copies of annual report

Paper copies of the Commission's annual report may be obtained from the Secretary of the Dumaresq-Barwon Border Rivers Commission at 203 Tor St or PO Box 318 Toowoomba Q 4350 or phone 07 4688 1010. Alternately the Commission's annual report may be viewed on or downloaded from the Commission's website. The address of the Commission's website is www.brc.gov.au.

Financial statements for the year ended 30 June 2008



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Dumaresq-Barwon Border Rivers Commission

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Dumaresq-Barwon Border Rivers Commission (the Commission) which comprises the balance sheet as at 30 June 2008, the operating statement, statement of recognised income and expense, and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Commission as at 30 June 2008 and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

My opinion should be read in conjunction with the rest of this report.

The Commissioners' Responsibility for the Financial Report

The Commissioners are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Commission's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commissioners as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Commission
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



M T Spriggins
Director, Financial Audit Services

14 October 2008
SYDNEY



Dumaresq-Barwon Border Rivers Commission

Certificate under Section 41C (1B) and (1C) of the Public Finance and Audit Act 1983

Pursuant to the *Public Finance and Audit Act, 1983*, we declare that in our opinion:

- (a) The accompanying financial report exhibits a true and fair view of the financial position of the Dumaresq-Barwon Border Rivers Commission as at 30 June 2008, and transactions for the year then ended.
- (b) The report has been prepared in accordance with :
 - applicable Australian Accounting Standards (which include Australian Accounting Interpretations); and
 - the requirements of the *Public Finance and Audit Act 1983* and Public Finance and Audit Regulation 2005.
- (c) There are no circumstances which would render any particulars included in the financial report to be misleading or inaccurate.

Mr Ross Krebs
Commissioner
Representing QLD

Mr Bruce Morcombe
Accountant

Mr Peter Christmas
Commissioner
Representing NSW

08 OCT 2008

DUMARESQ-BARWON BORDER RIVERS COMMISSION

OPERATING STATEMENT for the year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
Expenses excluding losses			
Administrative allowances	2a	-	11
Insurance	2b	61	61
Fees for services - provided by the states	2c	1,943	1,838
Depreciation	2d	1,009	784
Other expenses	2e	10	11
Total expenses excluding losses		3,023	2,705
Income			
Contributions by the states	3a	2,100	2,100
Investment revenue	3b	225	192
Rental income	3c	20	22
Total income		2,345	2,314
Deficit for the year		(678)	(391)

The accompanying notes form part of these financial statements.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

BALANCE SHEET as at 30 June 2008

	Notes	2008 \$'000	2007 \$'000
Assets			
Current assets			
Cash and cash equivalents	4	2,340	2,053
Receivables	5	60	216
Total current assets		2,400	2,269
Non current assets			
Property, plant and equipment	6	70,298	68,700
Total non current assets		70,298	68,700
Total assets		72,698	70,969
Liabilities			
Current liabilities			
Payables	7	259	459
Total current liabilities		259	459
Total liabilities		259	459
Net assets		72,439	70,510
Equity			
Accumulated funds		15,915	16,593
Asset revaluation reserve		56,524	53,917
Total equity	8	72,439	70,510

The accompanying notes form part of these financial statements.

DUMARESQ-BARWON BORDER RIVERS COMMISSION
STATEMENT OF RECOGNISED INCOME AND EXPENSE
for the year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
Net increase in property, plant and equipment asset revaluation reserve		2,607	4,730
Total income and expense recognised directly in equity	8	2,607	4,730
Deficit for the year		(678)	(391)
Total income and expense recognised for the year	8	1,929	4,339
Effect of changes in accounting policies and correction of errors			
Accumulated funds	8, 9	-	(2,100)
		-	(2,100)

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT
for the year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
Cash flows from operating activities			
Receipts			
Contributions by the states		2,314	2,099
Rental income		20	35
Interest received		225	192
Payments			
Administrative allowances		-	(12)
Insurance		(61)	(61)
Payments to suppliers, employees, etc.		(2,201)	(1,794)
Other		(10)	(2)
Net cash flows from operating activities	10	287	457
Cash flows from investing activities			
Purchases of land and building, plant and equipment and infrastructure systems		-	(93)
Net cash flows from investing activities		-	(93)
Net increase in cash		287	364
Opening cash and cash equivalents		2,053	1,689
Closing cash and cash equivalents	4	2,340	2,053

The accompanying notes form part of these financial statements.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2007-08

Objectives and principal activities of the Commission

The objective of the Dumaresq-Barwon Border Rivers Commission is to implement the agreement made between the governments of Queensland and New South Wales in relation to:

- sharing the waters of the rivers and streams which either form or intersect the boundary between the two states and the associated groundwater resources;
- the investigation, construction and operation of works to conserve and regulate those waters where considered desirable.

1 Summary of significant accounting policies

(a) Basis of accounting

The Commission's financial statements are a general purpose financial report which has been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and
- the requirements of the *Public Finance and Audit Act 1983* and Regulation 2005.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial report.

The financial report includes the value of all income, expenses, assets, liabilities and equity of the Commission.

Except for land, buildings and infrastructure systems, which are recorded at fair value, the financial statements are prepared in accordance with the historical cost convention.

(b) The reporting entity

The Commission is a not-for-profit entity.

The Commission was constituted by an agreement in 1946 between the Governments of New South Wales and Queensland. The ratifying legislation is the *New South Wales-Queensland Border Rivers Act 1946* (Queensland) and *New South Wales-Queensland Border Rivers Act 1947* (New South Wales).

The Commission is responsible for the conservation and equal sharing of the waters of the Dumaresq River upstream of Mingoola; the regulation of the border rivers downstream of Mingoola and the equitable distribution of the waters of the streams which intersect the Queensland-New South Wales border, west of Mungindi. The main administrative office is currently located at 203 Tor Street, Toowoomba, Queensland 4350.

Under the current agreement embodied in the constituting legislation, the two states, being New South Wales and Queensland, will continue to share equally the costs associated with the Commission's activities. The Commission has current arrangements commencing 1st April 2007 for secretarial support to be provided by officers of the Department of Natural Resources and Water (Queensland) and accounting support to be provided by the Department of Water and Energy (NSW). Prior to this current arrangement, the Department of Natural Resources and Water (Queensland) provided both secretarial and accounting support under an agreed five yearly rotational term.

The financial report has been authorised for issue by the Commission on 8 October 2008

(b) Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured. The following specific criteria must also be met before income is recognised:

(i) Rendering of services

Income from a contract to provide services is recognised by reference to the stage of completion of the contract. When the contract outcome cannot be reliably measured, income is recognised only to the extent that costs have been incurred.

(ii) Interest

Interest income is recognised as it accrues.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2007-08

1 Summary of significant accounting policies (continued)

(iii) Grants and contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as income in the year in which the Commission obtains control over them. Where grants are received that are reciprocal in nature, income is accrued over the term of the funding arrangements.

(iv) Rental income

Rental income is recognised on the basis of the contract and when the control of the right to receive the rentals has been attained.

(d) Cash and cash equivalents

For the purposes of the Balance Sheet and the Cash Flow Statement, cash assets include all cash and cheques received but not banked at 30 June as well as deposits at call with financial institutions. Unpresented cheques drawn have also been deducted from the cash at bank balance. It also includes the Queensland Treasury Corporation capital guaranteed cash fund investment that is convertible readily to cash on hand at the Commission's option and is subject to a low risk of a change in value.

(e) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery. Settlement on these amounts is required within 14 days from invoice date. An allowance for impairment has not been established as it is considered by the Commission that all debts owing are recoverable.

(f) Acquisition of assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the asset ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

Assets acquired at no cost or for nominal consideration are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

(g) Property, plant and equipment capitalisation thresholds

Items of property, plant and equipment, except intangibles, with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Building and Infrastructure Assets	\$10,000
Land	\$1
Other (including heritage and cultural)	\$5,000

Items with a lesser value are expensed in the year of acquisition.

(h) Revaluations of property, plant and equipment

Land, buildings, infrastructure, major plant and equipment and heritage and cultural assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment*, NSW Treasury's "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper and Queensland Treasury's *Non-Current Asset Accounting Policies for the Queensland Public Sector*.

Plant and equipment, other than major plant and equipment, are measured at cost. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

The Commission's physical non-current assets, except for plant and equipment were independently revalued as at 30 June 2006. Interim valuations using appropriate indices are otherwise performed on an annual basis where there has been a material variation in the index. Any revaluation increment arising on the revaluation of an asset is credited directly to the asset revaluation reserve of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation reserve relating to that class.

A revaluation increment was applied to the Commission's physical non-current assets (excluding land) as at 30 June 2008 using the Building Price Index of 3.95% published by the NSW Department of Commerce.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2007-08

1 Summary of significant accounting policies (continued)

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Only those assets, the total values of which are material compared to the value of the class of assets to which they belong, are comprehensively revalued.

The recoverable amount test has not been applied, as the Commission is a not-for-profit entity and the service potential of its non-current assets is not dependent on their ability to generate net cash inflows.

(i) Amortisation and depreciation of intangibles and property, plant and equipment

Land is not depreciated as it has an unlimited useful life.

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the Commission.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Commission.

For each class of depreciable asset the following useful lives are used:

Asset category	Number of years
Buildings:	
Buildings - workshop/depot	50
Buildings - houses/office complex	75
Water infrastructure:	
Dam - structural components	150
Dam - mechanical/electrical components	25-45
Major weir - structural components	70-100
Major weir - mechanical/electrical components	25-45
Minor weir - regulator/structural components	30-50
Plant & equipment:	
Plant & equipment (at cost)	3-10

(j) Impairment of non-current assets

As a not-for-profit entity with no cash generating units, the Commission is effectively exempted from AASB 136 Impairment of Assets and Impairment Testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(k) Payables

Trade creditors are recognised upon the receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled within 14 to 30 days of invoice date.

(l) Insurance

The Commission's non-current physical assets and other risks are insured jointly through the Queensland Government Insurance Fund and the New South Wales Treasury Managed Fund Scheme of self-insurance for government agencies. Premiums are paid on a risk assessment basis.

(m) Employee benefits

The Commission does not employ any staff on a permanent basis. The staff used by the Commission are employed by the New South Wales and Queensland government agencies. The costs associated with the annual leave and long service leave of these staff are included in those agencies' claims for reimbursement of expenses incurred on behalf of the Commission and are included in the Commission's financial statements in the expense item "Fees for services - provided by the states".

DUMARESQ-BARWON BORDER RIVERS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2007-08

1 Summary of significant accounting policies (continued)

(n) Taxation

The Commission is a state/territory body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). As such, GST credits receivable from/payable to the ATO are recognised and accrued.

(o) Rounding and comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest thousand.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2007-08

2 Expenses including losses

	2008 \$'000	2007 \$'000
(a) Administrative allowances		
Salaries and wages	-	10
Superannuation	-	1
	-	11
(b) Insurance		
NSW insurance	22	22
QLD insurance	39	39
	61	61
(c) Fees for services - provided by the states		
Department of Water and Energy (NSW)	467	493
State Water Corporation (NSW)	29	29
Department of Natural Resources and Water (Qld)	500	493
SunWater (Qld)	947	823
	1,943	1,838
(d) Depreciation		
Buildings	16	39
Infrastructure	991	743
Plant & equipment	2	2
	1,009	784
(e) Other expenses		
Audit fee	6	8
Bank fees and charges	3	3
Other expenses from ordinary activities	1	-
	10	11
3 Revenue		
(a) Contributions by the states		
Department of Water and Energy (NSW)	1,050	1,050
Department of Natural Resources and Water (Qld)	1,050	1,050
	2,100	2,100
(b) Investments income		
Interest on current account	5	2
Interest on QTC investment	220	190
	225	192
(c) Rental income		
Rental income - Glenlyon Dam	20	22
	20	22

DUMARESQ-BARWON BORDER RIVERS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2007-08

4 Current assets - cash and cash equivalents

	2008 \$'000	2007 \$'000
Cash at bank and on hand	4	173
At call interest bearing investment	2,336	1,880
Closing cash and cash equivalents	2,340	2,053

The **cash at bank and on hand** balance of \$4k does not represent a physical bank balance but rather the reconciled year end position of physical cash at bank of \$101k less unrepresented cheques totalling \$97k. This balance is as a result of the cash management strategy applied by the Commission to maximise interest earned on the investment.

Investments deposited with the Westpac Banking Corporation earned interest at rates between 0.05% to 2.40% (2006-07: Westpac Banking Corporation 0.05% to 2.75%).

Investments deposited with the Queensland Treasury Corporation capital guaranteed fund earn interest at rates between 6.50% to 8.37% (2006-07: Queensland Treasury Corporation 6.09% to 7.00%).

Refer Note 12 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

5 Current/non-current assets - receivables

	2008 \$'000	2007 \$'000
Sundry debtors	2	216
Goods and Services Tax recoverable from ATO	58	-
	60	216

Details regarding credit risk, liquidity risk and market risk including financial assets that are either past due or impaired, are disclosed in Note 12.

6 Non-current assets - property, plant and equipment

	2008 \$'000	2007 \$'000
Buildings (at valuation)	1,321	1,271
less: accumulated depreciation	(588)	(549)
	733	722
Water infrastructure systems (at valuation)	98,217	94,485
less: accumulated depreciation	(30,314)	(28,171)
	67,903	66,314
Land (at valuation)	1,650	1,650
	1,650	1,650
Plant and equipment (at cost)	23	23
less: accumulated depreciation	(11)	(9)
	12	14
Total property, plant and equipment	70,298	68,700

DUMARESQ-BARWON BORDER RIVERS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2007-08

6 Non-current assets - property, plant and equipment (continued)

	Buildings	Water infrastructure systems	Land	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2007 - fair value					
Gross carrying amount	1,271	94,485	1,650	23	97,429
Accumulated depreciation	(549)	(28,171)	-	(9)	(28,729)
Net carrying amount	722	66,314	1,650	14	68,700
At 30 June 2008 - fair value					
Gross carrying amount	1,321	98,217	1,650	23	101,211
Accumulated depreciation	(588)	(30,314)	-	(11)	(30,913)
Net carrying amount	733	67,903	1,650	12	70,298
Reconciliation					
Year ended 30 June 2008					
Net carrying amount at 1 July 07	722	66,314	1,650	14	68,700
Acquisitions	-	-	-	-	-
Revaluation increments	27	2,580	-	-	2,607
Disposals	-	-	-	-	-
Depreciation	(16)	(991)	-	(2)	(1,009)
Net carrying amount at 30 June 08	733	67,903	1,650	12	70,298
At 1 July 2006 - fair value					
Gross carrying amount	1,180	87,726	1,650	24	90,580
Accumulated depreciation	(472)	(25,439)	-	(8)	(25,919)
Net carrying amount	708	62,287	1,650	16	64,661
At 30 June 2007 - fair value					
Gross carrying amount	1,271	94,485	1,650	23	97,429
Accumulated depreciation	(549)	(28,171)	-	(9)	(28,729)
Net carrying amount	722	66,314	1,650	14	68,700
Reconciliation					
Year ended 30 June 2007					
Net carrying amount at 1 July 06	708	62,287	1,650	16	64,661
Acquisitions	-	93	-	-	93
Revaluation increments	53	4,677	-	-	4,730
Disposals	-	-	-	-	-
Depreciation	(39)	(743)	-	(2)	(784)
Net carrying amount at 30 June 07	722	66,314	1,650	14	68,700

DUMARESQ-BARWON BORDER RIVERS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2007-08

7 Current liabilities - payables

	2008 \$'000	2007 \$'000
Creditors	-	67
Accrued expenditure	250	217
Accrued audit fees	9	9
Net GST payable to ATO	-	166
	259	459

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 12.

8 Changes in equity

	Accumulated funds		Asset revaluation reserve		Total equity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Balance at beginning of year	16,593	19,084	53,917	49,187	70,510	68,271
Prior period error adjustment	-	(2,100)	-	-	-	(2,100)
Restated opening balance	16,593	16,984	53,917	49,187	70,510	66,171
Changes in equity - other than transactions with owners as owners						
Increment/(decrement) on revaluation of:						
Land and buildings	-	-	27	53	27	53
Infrastructure assets	-	-	2,580	4,677	2,580	4,677
Surplus/(Deficit) for the year	(678)	(391)	-	-	(678)	(391)
Total change in equity	(678)	(391)	2,607	4,730	1,929	4,339
Balance at end of year	15,915	16,593	56,524	53,917	72,439	70,510

9 Prior period errors

In 2002-03 the Commission recognised contributions by the states for both 2002-03 and 2003-04 as revenue although the contributions relating to 2003-04 had been invoiced but not yet been received. In 2003-04 the Commission recognised 2004-05 contributions invoiced in 2003-04 but paid in 2004-05 as income in 2003-04. This accounting treatment has continued, however, is not in accordance with the Commission's accounting policy or the relevant accounting standards on contributions revenue. This error had the effect of overstating current assets by \$2.1 million as at 30 June 2007 and overstating accumulated funds for the year ended 30 June 2007 by \$2.1 million. Restated financial information for 2008 and 2007 is presented as if the error had not been made.

10 Reconciliation of net operating result to net cash provided by operating activities

	2008 \$'000	2007 \$'000
Net operating result	(678)	(391)
Depreciation	1,009	784
(Increase)/decrease in accounts receivable	156	12
Increase/(decrease) in accounts payable	(200)	52
Net cash provided by operating activities	287	457

DUMARESQ-BARWON BORDER RIVERS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2007-08

11 Contingent liabilities

Number of cases	2008	2007
	1	1

The reassessment of the Glenlyon Dam design flood hydrology completed by SunWater on the Commission's behalf during 2007-2008 points to the need for the Commission to increase the spillway capacity of Glenlyon Dam prior to the year 2025 to meet the new Queensland Guidelines for the Acceptable Flood Capacity of Dams, February 2007. The Commission expects that it will complete the other studies and investigations required to determine the extent to which the spillway capacity must be increased and to confirm the deadline for completion of the work, by the end of June 2010. The states of Queensland and New South Wales are both aware of the possible need to provide funding to the Commission to upgrade the Glenlyon Dam spillway.

12 Financial instruments

The Commission's principal financial instruments are outlined below. These financial instruments arise directly from the Commission's operations or are required to finance Commission's operations. The Commission does not enter into or trade financial instruments for speculative purposes. The Commission does not use financial derivatives.

The Commission's main risks arising from financial instruments are outlined below, together with the Commission's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Commissioners have overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Commission, to set risk limits and controls and to monitor risk.

Compliance with policies is reviewed by the Commissioners on a continuous basis.

(a) Financial instrument categories

Financial assets	Note	Category	Carrying amount	
			2008	2007
			\$'000	\$'000
Class:				
Cash and cash equivalents	4	N/A	2,340	2,053
Receivables ¹	5	Receivables	2	216
			2,342	2,269

Financial liabilities	Note	Category	Carrying amount	
			2008	2007
			\$'000	\$'000
Class:				
Payables ²	7	Financial liabilities measured at amortised cost	259	293
			259	293

Notes:

1. Excludes statutory receivables and prepayments (ie not within scope of AASB 7)
2. Excludes statutory payables and unearned revenue (ie not within scope of AASB 7)

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2007-08

12 Financial instruments (continued)

(b) Credit Risk

Credit risk arises from the financial assets of the Commission including cash, receivable, and authority deposits.

No collateral is held by the Commission. The Commission has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances. Interest is earned on daily bank balances at the bank's annual effective rate.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts. No interest is earned on trade debtors. Sales are made on 30 day terms.

An allowance for impairment has not been established as it is considered by the Commission that all debts owing are recoverable.

(c) Liquidity risk

The Commission manages its liquidity risk as much as practicable through the effective application of cash management practices. These practices aim to reduce the exposure to liquidity risk by ensuring the Commission has sufficient funds available to meet supplier obligations at all times. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various supplier liabilities.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. During the year there were no interest charges for late payment.

The table below summarises the maturity profile of the Commission's financial liability, together with the interest rate exposure.

	Weighted average rate	Nominal amount	Interest rate exposure			Maturity dates			Total
			Fixed interest rate	Variable interest rate	Non interest bearing	1 year or less	1 to 5 years	Greater than 5 years	
			%	%	\$'000	\$'000	\$'000	\$'000	
30 June 2008									
Payables		259			259	-	-	259	
		259			259	-	-	259	
30 June 2007									
Payables		460			460	-	-	460	
		460			460	-	-	460	

Note:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities and therefore may not reconcile to the balance sheet

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12 Financial instruments (continued)

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Commission has no exposure to market risk as it holds no financial instruments that are impacted by market prices. The Commission has no exposure to foreign currency risk and does not enter into commodity contracts.

Interest rate risk

The Commission does not hold any interest bearing liabilities and is not exposed to interest rate risk in relation to financial liabilities. Therefore, for these financial instruments, a change in interest rates would not affect profit and loss or equity. For financial assets which are impacted by interest rate fluctuations a reasonably possible change of +/-1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Commission's exposure to interest rate risk is set out below.

	Carrying amount \$'000	-1%		1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2008					
<i>Financial Assets</i>					
Cash and cash equivalents	2,340	(23)	(23)	23	23
Receivables	2	-	-	-	-
<i>Financial liabilities</i>					
Payables	259	-	-	-	-
2007					
<i>Financial Assets</i>					
Cash and cash equivalents	2,053	(21)	(21)	21	21
Receivables	216	-	-	-	-
<i>Financial liabilities</i>					
Payables	460	-	-	-	-

13 Commitments for expenditure

The Commission is not aware of any commitments for expenditure for year 2007-2008 and year 2006-2007.

14 Post balance date event

There are no known post balance date events that would have an effect on the Financial Report.

End of Audited Financial Report